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Report On  
The Audit Of  
The Financial Statements Of  
Westbank ARC, Incorporated  
June 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/9/05

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INDEPENDENT AUDITOR'S REPORT


Board of Directors  
Westbank ARC, Incorporated

I have audited the accompanying Statement of Financial Position of Westbank ARC, Incorporated (a nonprofit organization) as of June 30, 2005 and the related statements of activities, functional expenses and change in cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the statements applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westbank ARC, Incorporated as of June 30, 2005 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 12, 2005, on my consideration of the Westbank ARC, Incorporated's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

  
Jules Richard  
Certified Public Accountant

October 12, 2005

**WESTBANK ARC, INCORPORATED**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2005**

**ASSETS**

<b>Current Assets</b>	
Cash and cash equivalents	\$ 37,782
Due from funding sources	67,490
Accrued interest receivable	10,488
Certificates of deposit	261,369
Prepaid expenses	<u>8,596</u>
<b>Total Current Assets</b>	<u><u>385,725</u></u>
<b>Property and Equipment</b>	
Automobiles	73,066
Leasehold improvements	41,175
Furniture and equipment	<u>24,072</u>
	138,313
Accumulated Depreciation	<u>75,776</u>
<b>Total Property and Equipment</b>	<u><u>62,537</u></u>
<b>Investments</b>	<u><u>386,509</u></u>
<b>Total Assets</b>	<u><u><u>\$ 834,771</u></u></u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>	
Accounts payable	\$ 5,205
Payroll taxes payable	<u>2,026</u>
<b>Total Current Liabilities</b>	<u>7,231</u>
<b>Net Assets</b>	
Unrestricted	
Designated	8,560
Undesignated	<u>818,980</u>
<b>Total Net Assets</b>	<u><u>827,540</u></u>
<b>Total Liabilities and Net Assets</b>	<u><u><u>\$ 834,771</u></u></u>

See accompanying notes to financial statements.

**WESTBANK ARC, INCORPORATED**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**REVENUES**

**DAY-HABILITATION PROGRAM REVENUE**

Dept. of Health and Hospitals (DHH) Waiver	\$ 172,416
Jeff. Parish Human Services Authority (JPHSA)	112,287
Normal Life	43,371
Catholic Charities	6,090
Tuition	546
Transportation income	828
Donations	3,402
Rental donation	37,227
Net gain on investments carried at fair value	15,209
Interest and dividend income	18,285
Miscellaneous income	<u>53</u>

Total Day-Habilitation Program Revenue	<u>409,714</u>
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**SUPPORTED-EMPLOYMENT PROGRAM REVENUE**

Jeff. Parish Human Services Authority (JPHSA)	7,200
Louisiana Rehabilitation Services(LRS)	77,033
Donations	800
Rental donation	19,178
Net gain on investments carried at fair value	7,491
Interest and dividend income	8,022
Miscellaneous income	<u>21</u>

Total Supported-Employment Program Revenue	<u>119,745</u>
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Total Program Revenue	<u>529,459</u>
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**EXPENSES**

Program Services-Day Habilitation	280,208
Program Services-Supported Employment	114,727
Management and General	<u>87,348</u>
Total Expenses	<u>482,283</u>

Increase in net assets	<u>47,176</u>
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Unrestricted net assets beginning of year	<u>780,364</u>
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Unrestricted net assets end of year	<u><u>\$827,540</u></u>
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See accompanying notes to financial statements.

**WESTBANK ARC, INCORPORATED**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	Day Habilitation	Supported Employment	Management and General	Totals
Salaries	\$ 163,595	\$ 59,428	\$ 62,332	\$ 285,355
Depreciation	7,912	3,928	2,089	13,929
Employment expense	1,065	2,432	-	3,497
Insurance	25,686	4,099	5,256	35,041
Lease	31,356	19,053	8,896	59,305
Miscellaneous	2,051	563	461	3,075
Office expense and postage	7,361	3,629	1,940	12,930
Payroll tax expense	12,179	5,060	4,583	21,822
Professional services	3,710	7,390	-	11,100
Repairs and maintenance	1,821	1,368	563	3,752
Supplies	1,872	581	-	2,453
Telephone	1,958	2,577	800	5,335
Travel and seminars	1,060	3,403	-	4,463
Utilities	1,211	1,216	428	2,855
Vocational aids	2,024	-	-	2,024
Vehicle expense	15,347	-	-	15,347
Totals	<u>\$ 280,208</u>	<u>\$ 114,727</u>	<u>\$ 87,348</u>	<u>\$ 482,283</u>

See accompanying notes to financial statements.

**WESTBANK ARC, INCORPORATED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

Cash flows from operating activities	
Increase in net assets	\$ 47,176
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and Amortization	13,929
Unrealized gain on investments	(24,119)
Increase in due from funding source	(23,251)
Increase in accrued interest receivable	(3,725)
Increase in prepaid expenses	(2,103)
Increase in accounts payable	1,685
Increase in payroll taxes payable	716
	<u>(36,868)</u>
Net cash provided by operating activities	<u>10,308</u>
Cash flow from investing activities	
Purchase of investments	(176,016)
Purchase of equipment	(37,158)
Proceeds from the sale of investments	<u>182,108</u>
Net cash used in investing activities	<u>(31,066)</u>
Net decrease in cash and cash equivalents	(20,758)
Cash and cash equivalents, beginning of year	<u>58,540</u>
Cash and cash equivalents, end of year	<u><u>\$ 37,782</u></u>

Westbank ARC, Incorporated paid no income tax during the year since the Organization is exempt from federal income taxes under 501( c) 3 of the internal revenue code. The Organization also had no interest expense.

See accompanying notes to financial statements.

**WESTBANK ARC, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Organization - Westbank ARC, Incorporated (Formerly Westbank Association for Retarded Children, Inc.), a Louisiana Not-for-Profit Organization, organized October 24, 1956, provides supported employment and day habilitation services to individuals diagnosed with developmental disabilities.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with the principles of not-for-profit accounting.

Accounting Standards - During 1997, the Association adopted the provisions of Statement of Financial Accounting Standards SFAS No. 116 *Accounting for Contributions Received and Contributions Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*, and SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, and applied these standards on a retroactive basis.

SFAS No. 116 requires that unconditional promises to give be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into these net asset categories according to donor imposed restrictions and expenses of the organization's operation be classified functionally for accounting and reporting purposes.

A description of the three net asset categories required by SFAS No. 117 follows:

Permanently Restricted Net Assets - These are net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets - These are assets subject to donor-imposed stipulations that may or will be met by actions of the Association and/or the passage of time.

Unrestricted Net Assets - These are net assets not subject to donor-imposed stipulations.

As of June 30, 2005 Westbank ARC, Incorporated has no permanently restricted or temporarily restricted net assets. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.



**WESTBANK ARC, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Cash and Cash Equivalents - Cash and cash equivalents, for statement of cash flow purposes, include investments in highly liquid debt instruments with original maturity of three months or less.

Investments - In accordance with SFAS No. 124 investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities.

Property and Equipment - Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 31.5 years. Depreciation expense for the year ended June 30, 2005 was \$13,929.

Donated Services - SFAS No. 116 requires that donated services should be recognized in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills. No amounts have been recognized in the statement of activities, because the criteria for recognition under SFAS No. 116 have not been satisfied.

Other Donations- Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions are reported as restricted support. Absent donor stipulations regarding how long those donor assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. The donation of the use of our Cook Street location is set up at fair rental value (see Note 4).

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes - The Association is exempt from taxes under Section 501 (c)(3) of the Internal Revenue Code. No provision for taxes is necessary.

Functional Expense Allocation - Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**WESTBANK ARC, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**NOTE 2 - CERTIFICATE OF DEPOSIT**

Certificates of deposit are carried at cost. At June 30, 2005 the Association had certificates of deposit as follows:

<u>Bank</u>	<u>Cost</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Maturity Value</u>
American Nat'l Bank	\$ 15,000	7.000%	February 16, 2006	\$ 15,000
LaSalle Nat'l Bank	31,132	0.000%	December 15, 2006	44,000
Discover Bank	25,000	4.800%	January 23, 2007	25,000
Discover Bank	20,000	4.800%	June 19, 2007	20,000
LaSalle Nat'l Bank	2,344	0.000%	September 11, 2007	4,000
Capital Crossing	12,000	5.250%	October 3, 2008	12,000
Morton Comm. Bank	14,993	3.500%	March 3, 2009	15,000
Charter Bank	39,000	5.100%	May 26, 2009	39,000
OBA Federal Bank	10,000	5.300%	January 29, 2010	10,000
Key Bank	25,000	4.300%	December 20, 2010	25,000
First Bank	20,000	3.250%	July 23, 2010	20,000
Merrill Lynch	10,400	0.000%	October 3, 2012	15,000
Standard Federal	10,000	4.400%	December 24, 2013	10,000
Fremont Bank	13,000	4.000%	April 14, 2014	13,000
LaSalle Bank	<u>13,500</u>	0.000%	May 9, 2017	<u>27,000</u>
	<u>\$261,369</u>			<u>\$294,000</u>

**Note 3 - INVESTMENTS**

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. The Organization's investments are summarized below:

<u>Description</u>	<u>Cost</u>	<u>Market Carrying Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Common Stock	\$ 286,582	\$ 291,547	\$ 4,965
Bonds	<u>95,786</u>	<u>94,962</u>	<u>(824)</u>
Total	<u>\$ 382,368</u>	<u>\$ 386,509</u>	<u>\$ 4,141</u>

Investment return is summarized as follows:

Interest and Dividend Income (Net)	\$ 26,307
Net Realized and Unrealized Gains (Losses)	<u>22,700</u>
Total Unrestricted Investment Income (Losses)	<u>\$ 49,007</u>

**WESTBANK ARC, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**NOTE 4 - COMMITMENTS**

The Association leases its building under a twenty-five year lease beginning January 1, 1988 and ending December 31, 2013 for a yearly rental of one dollar. The current estimated fair rental value of the facility less the Association's annual contractual lease obligation is equal to \$56,405, which is recorded as rental donation revenue and lease expense.

The lease restricts the use of the premises to the operation of a school for retarded children. The Lessee is required to maintain public liability insurance on the building in the amount of \$100,000/\$300,000. The lease may be renewed for a like term and at the same rental by giving sixty days notice to the Jefferson Parish School Board before expiration.

During fiscal year ended June 30, 2005 the Association entered into a non-cancelable operating lease for additional office space. The lease calls for monthly payments in the amount of \$400. Total rent expense under this agreement for the year ended June 30, 2005 amounted to \$2,400. At June 30, 2005 the remaining required lease payments were \$2,400.

**NOTE 5 - RETIREMENT ALLOWANCE**

The Association pays a retirement allowance to employees who retire with board approval with a minimum of ten years continuous service and who have attained age 55. Employees are paid a lump sum based on a percentage of their monthly base salary at retirement. The percentage ranges from 260% after 10 years of service to 510% after 20 years of service. As of June 30, 2005 the contingent liability for retirement payments is \$11,753.

The benefits are recorded as an expense at the time of board approval and payment. During the year ended June 30, 2005 the board approved and paid benefits of \$-0-.

**NOTE 7 - CONCENTRATION OF SUPPORT**

The association receives a substantial amount of its support from the State of Louisiana and Parish of Jefferson, Louisiana. A significant reduction in the level of this support, if it were to occur, would have an effect on the Association's programs and activities.

Receivables from funding sources for services rendered are unsecured.

**NOTE 8 - AMOUNTS PAID TO GOVERNING BOARD MEMBERS**

For the year ended June 30, 2005 there was no compensation paid to the members of the Board of Directors of Westbank ARC, Incorporated.

**NOTE 9- DESIGNATED UNRESTRICTED NET ASSETS**

The Board of Directors of this Organization has set aside \$8,560 of its unrestricted net assets to be used for the enhancement and improvement of the lives of the clients involved in the Organization.

**JULES RICHARD, III**  
CERTIFIED PUBLIC ACCOUNTANT

21235 Shady Lane  
Covington, LA, 70435  
Phone: (985) 966-8082

Member  
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Society of Louisiana CPAs

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Westbank ARC, Incorporated

I have audited the financial statements of Westbank ARC, Incorporated (a nonprofit organization) as of and for the year ended June 30, 2005 and have issued my report thereon dated October 12, 2005. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Westbank ARC, Incorporated's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Westbank ARC, Incorporated's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weakness. A material

weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk of misstatements in amounts that would be material in relation to the financial being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Jules Richard".

Jules Richard, CPA  
Metairie, Louisiana

October 12, 2005